

Message Text

UNCLASSIFIED

PAGE 01 KINGST 04203 221559Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 PA-02 /107 W
-----078777 222009Z /66

R 221207Z MAY 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 1336

UNCLAS KINGSTON 4203

E.O. 11652: N/A
TAGS: EFIN, ECON, JM
SUBJECT: GOJ 1978/79 BUDGET ESTIMATES TABLED IN THE HOUSE
OF REPRESENTATIVES

REF: 77 KINGSTON 2605

1. BEGIN SUMMARY: ON MAY 16, MINISTER OF FINANCE ERIC BELL TABLED THE 1978/79 BUDGET ESTIMATES TOTALING J\$1,590 MILLION, UP BY 26 PERCENT OVER THE PRIOR YEAR LEVEL BUT WHICH MOST LIKELY REPRESENT NO INCREASE IN REAL TERMS. THE ALLOCATION TO THE MINISTRY OF FINANCE AND PLANNING WENT UP FROM 26 PERCENT TO 34 PERCENT, REFLECTING FOR THE MOST PART, THE 76 PERCENT INCREASE IN PUBLIC DEBT SERVICE CHARGES, AS A RESULT, THE RELATIVE SHARE OF THE BUDGET ALLOCATED TO SOME KEY MINISTRIES SUCH AS EDUCATION, AGRICULTURE, LOCAL GOVERNMENT AND HEALTH HAD TO BE REDUCED. STILL, THE GOVERNMENT HAS ALLOCATED FUNDS FOR ITS HIGH PRIORITY PROJECTS, PARTICULARLY THOSE THAT ARE PARTLY FINANCED WITH FOREIGN ECONOMIC ASSISTANCE. END SUMMARY

2. ON MAY 16, MINISTER OF FINANCE ERIC BELL TABLED IN THE HOUSE OF REPRESENTATIVES THE 1978/79 BUDGET ESTIMATES TOTALING J\$1,590 MILLION (NET OF TRANSFERS), WHICH IS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KINGST 04203 221559Z

EQUIVALENT TO US\$1,026 MILLION AT THE CURRENT EXCHANGE RATE OF J\$1.55 TO US\$1.00 THIS BUDGET REPRESENTS AN INCREASE OF J\$331 MILLION OR 26 PERCENT OVER THE REVISED BUDGET ESTIMATE OF J\$1,258 MILLION FOR FISCAL YEAR 1977/78. THIS CHANGE MAY NOT REPRESENT ANY INCREASE IN REAL TERMS AS TO THE GOJ EXPECTS AN INCREASE OF ABOUT 30 PERCENT IN THE 1978 PRICE LEVEL.

3. A SUMMARY OF THE 1977/78 AND 1978/79 BUDGETS SHOWING RECURRENT PLUS CAPITAL ALLOCATIONS TO THE MAJOR MINISTRIES APPEARS IN TABLE 1. NOTE THAT THE MINISTRY OF FINANCE AND PLANNING HAS BY FAR THE LARGEST SHARE AND THAT THIS SHARE HAS GROWN SUBSTANTIALLY, UP FROM 26 PERCENT IN 1977/78 TO 34 PERCENT IN 1978/79. BOTH THE SIZE OF THIS ALLOCATION AND ITS EXPANSION ARE ATTRIBUTABLE IN LARGE PART TO THE COST OF SERVICING THE PUBLIC DEBT. INTEREST AND AMORTIZATION CHARGES IN 1978/79 WILL COME TO J\$355 MILLION OR 66 PERCENT OF THE MINISTRY'S TOTAL ALLOCATION, UP FROM J\$202 MILLION IN FY 1977/78, AN INCREASE OF 76 PERCENT. OTHER IMPORTANT (THOUGH DECLINING) ALLOCATIONS WILL GO TO THE MINISTRIES OF EDUCATION (13 PERCENT), AGRICULTURE (8 PERCENT), LOCAL GOVERNEMENT (7.5 PERCENT AND HEALTH (6 PERCENT).

4. TABLE 2 SHOWS THE ALLOCATIONS (RECURRENT PLUS CAPITAL) TO THE MAJOR MINISTRIES WHOSE ACTIVITIES ARE DIRECTED, IN LARGE PART, AT RAISING THE LIVING STANDARD OF THE LOWER INCOME GROUPS. NOTE THAT THE MINISTRY OF EDUCATION BENEFITS FROM A 14 PERCENT INCREASE OVER LAST YEAR'S ALLOTMENT, WHILE AGRICULTURE AND HEALTH BOTH OBTAINED INCREASES OF 8 PERCENT IN NOMINAL TERMS. HOWEVER, THE ALLOCATIONS TO LOCAL GOVERNMENTS EXPERIENCED A 13 PERCENT DECLINE. THE SUM TOTAL OF THE ALLOCATIONS TO THE MINISTRIES LISTED IN TABLE 2 INCREASED ONLY SLIGHTLY BY 4 PERCENT - WHICH UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KINGST 04203 221559Z

CERTAINLY REPRESENTS A SHARP REDUCTION IN REAL TERMS. THE SHARE OF THEIR COMBINED ALLOCATIONS IN THE OVERALL BUDGET DECLINED FROM 49.5 PERCENT TO 40 PERCENT.

5. WHILE THE GOVERNMENT HAS TO WATCH ITS EXPENDITURES VERY CAREFULLY IN VIEW OF THE NEED TO BALANCE ITS CURRENT ACCOUNT AND TO REDUCE INFLATIONARY BALANCE OF PAYMENTS PRESSURES, FUNDS HAVE BEEN PROVIDED FOR A NUMBER OF HIGH PRIORITY GOVERNMENT PROGRAMS DIRECTED AT IMPROVING THE LIVING STANDARD OF THE LOWER-INCOME GROUPS PARTICULARLY IN THE AREAS OF FOOD PRODUCTION, RURAL DEVELOPMENT, EMPLOYMENT GENERATION AND EDUCATION. AN AIRGRAM ANALYZING THE BUDGET IN DETAIL WILL FOLLOW.

TABLE 1

BUDGET BREAKDOWN BY MAJOR MINISTRIES
RECURRENT PLUS CAPITAL EXPENDITURES COMBINED
(IN MILLIONS OF J\$)

| REVISED | PERCENT | PERCENT |
|-----------|---------|-------------|
| ESTIMATES | OF | BUDGETED OF |

| MINISTRY | 1977/78 | TOTAL | 1977/79 | TOTAL |
|--------------------|---------|-------|---------|-------|
| FINANCE & PLANNING | 328.8 | 26.1 | 538.5 | 33.9 |
| EDUCATION | 184.0 | 14.6 | 209.0 | 13.1 |
| AGRICULTURE | 124.0 | 9.9 | 133.7 | 8.4 |
| LOCAL GOVERNMENT | 136.4 | 10.8 | 119.0 | 7.5 |
| HEALTH | 88.3 | 7.0 | 95.1 | 6.0 |
| NATIONAL SECURITY | 80.1 | 6.4 | 86.5 | 5.4 |

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 KINGST 04203 221559Z

| | | | | |
|---------------------------------|--------|------|--------|-------|
| PUBLIC WORKS | 74.4 | 5.9 | 68.3 | 4.3 |
| PUBLIC SERVICE | 30.4 | 2.4 | 60.1 | 3.8 |
| PUBLIC UTILITIES & TRANSPORT | 56.6 | 4.5 | 50.7 | 3.2 |
| ALL OTHER | 155.5 | 12.4 | 229.1 | 14.4 |
| TOTAL | 1258.5 | 99.6 | 1590.0 | 100.0 |

TABLE 2

GOVERNMENT ALLOCATIONS (RECURRENT PLUS CAPITAL) T

O

SELECTED MINISTRIES (MILLIONS OF J\$)

| MINISTRY | 1977/78 | 1978/79 |
|------------------|---------|---------|
| AGRICULTURE | 124.0 | 133.7 |
| HOUSING | 44.5 | 41.5 |
| EDUCATION | 184.0 | 209.0 |
| YOUTH & SPORTS | 30.4 | 33.1 |
| LABOUR | 2.9 | 3.3 |
| HEALTH | 88.3 | 95.1 |
| LOCAL GOVERNMENT | 136.4 | 119.0 |

UNCLASSIFIED

UNCLASSIFIED

PAGE 05 KINGST 04203 221559Z

| | | |
|---------------------------------------|--------|--------|
| TOTAL OF ABOVE | 610.2 | 634.7 |
| OVERALL BUDGET | 1285.5 | 1590.0 |
| TOTAL AS PERCENT OF OVERALL BUDGET | 48.5 | 39.9 |
| HAVERKAMP | | |

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, BUDGET ESTIMATES, BUDGET DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 22 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINGST04203
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780215-1035
Format: TEL
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780534/aaaabcil.tel
Line Count: 182
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 61bf8a99-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 KINGSTON 2605
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2618450
Secure: OPEN
Status: NATIVE
Subject: GOJ 1978/79 BUDGET ESTIMATES TABLED IN THE HOUSE OF REPRESENTATIVES
TAGS: EFIN, ECON, JM
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/61bf8a99-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014